

C. 2003 PROGRAM UPDATE

Goals Overview

The State Fleet Management Program made significant progress in implementing the goals outlined in the 2002 Annual Report. The table below illustrates the status of each goal. Further explanation is provided on pages 8-18.

GOAL	STATUS	For more information, go to page:
1. Reduce the number of passenger vehicles by 10%	Complete. Additional reductions ongoing	8
2. Implement a new vehicle preapproval process	Complete	10
3. Revise the State Vehicle Policy to further reduce the number of commuting vehicles	Policy to be issued on 2/1/04	11
4. Implement the statewide Fleet Information System	Complete	12
5. Analyze potential for savings through contracted vehicle maintenance services	Surveyed other states, will continue to explore options for savings	14
6. Analyze the cost/benefits of various fleet-financing options	Evaluating municipal leasing as a viable low cost alternative to outright purchase	16
7. Analyze the feasibility of sharing resources between state agencies	Analyzing MoDOT's fuel contract to determine cost effectiveness of purchasing fuel from their bulk tanks	17
8. Revise the State Vehicle Policy to indicate vehicle types permitted to have less than 15,000 miles annual usage	Exploring feasibility of establishing normal ranges for vehicles used in specific functions (i.e.: mail, maintenance)	18
9. As required in Section 37.350 RSMo., the Office of Administration will establish guidelines for determining the most cost-effective and reasonable modes of travel for single trips from the following options: passenger rail, vehicle rental, fleet checkout and reimbursement for personal vehicle use	Complete	18

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Fleet Reduction

GOAL 1: Reduce the number of passenger vehicles by 10%

Since the beginning of the state fleet initiative, agencies have reduced the number of state vehicles by 969. State agencies continue to evaluate their fleet's utilization to meet standards outlined in the State Vehicle Policy and make adjustments as necessary to be in compliance. The table on this page shows the reduction made by each agency.

Fleet Reduction Efforts Continue in 2004

On January 2, 2004, the Commissioner of Administration directed an initial 25% reduction in the number of passenger vehicles driven less than 5,000 miles per year. While some allowances may be made due to vehicle purpose or other circumstances of their use, agencies will be asked to justify retaining vehicles driven less than 5,000 miles annually.

Agency	Change in Fleet Size
Governor's Office	0
Attorney General	0
State Treasurer	0
State Auditor	0
Agriculture	-24
Conservation	-198
Corrections ¹	-2
Economic Development	-13
Elementary & Secondary Education	1
Health & Senior Services ²	60
Higher Education	0
Insurance	-2
Labor & Industrial Relations	-5
Mental Health	-59
Natural Resources ³	-29
Office of Administration	-37
OSCA	1
Public Safety (excluding Highway Patrol)	-50
Missouri State Highway Patrol	-64
Revenue	-4
Secretary of State	0
Social Services ²	-87
State Tax Commission	0
Lottery	-8
Transportation ⁴	-449
TOTAL	-969

¹ Corrections had two approved budgetary expansions for new prisons in Charleston and Bonne Terre. Corrections reports that they actually reduced their fleet by 55 vehicles taking out the approved expansions.

² 55 vehicles were transferred from Social Services to Health in the Division of Aging transfer.

³ Natural Resources had two approved budgetary expansions for two state parks. Their actual reduction was 31 vehicles.

⁴ The reductions in MoDOT's fleet include licensed and non-licensed units.

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Fleet Reduction

The State Fleet Management Program has advised the Department of Mental Health and the Missouri State Highway Patrol that their pool vehicle utilization levels are not in compliance with the State Vehicle Policy. Both agencies have agreed to reduce their fleets accordingly to meet the policy standard.

Additionally, the Missouri Department of Transportation continues efforts to “right – size” their overall fleet. MoDOT officials have indicated that 209 tractors and 52 motorgraders have been targeted for elimination.

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Vehicle Pre-approval Process

GOAL 2: Implement a new vehicle pre-approval process

To contain growth in the state fleet, all new or used passenger vehicles less than 8,500 GWV (Gross Vehicle Weight), with the exception of law enforcement pursuit vehicles driven by POST⁵ certified law enforcement officers, must now be pre-approved before purchase.

Agencies must submit a Vehicle Pre-Approval Form to the State Fleet Manager for review and their fleet must be compliant with the minimum use standards outlined in the State Vehicle Policy before approval will be granted.

The vehicle pre-approval process has proven to be an effective tool in managing the size of the state passenger vehicle fleet. Benefits of the process include:

- 1.) Review of agency compliance with minimum utilization standards in the State Vehicle Policy
- 2.) Review of appropriateness of vehicle types to be purchased
- 3.) Agencies must identify specific vehicles to be surplus. This will facilitate follow up reviews to ensure the vehicles to be replaced were actually disposed of, therefore, controlling growth in the state fleet.

⁵ Peace Officers Standards Training Program administered by the Missouri Department of Public Safety.

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Commuting Policy Revision

GOAL 3: Revise the State Vehicle Policy to further reduce the number of commuting vehicles.

The State Fleet Management Program revised the commuting definition and provisions in the State Vehicle Policy. The changes define the types of commuting to be consistent with IRS regulations and further restrict circumstances where commuting is allowable. A previous provision allowing employees to commute if they are on call an average of four or more times per month in a *non-specially equipped* vehicle was deleted from the policy.

Beginning in February 2004, the State Fleet Manager must approve all reportable commuting assignments. This new procedure is similar to fleet policies of other states and will facilitate uniformity in reportable commuting assignments across state agencies. The State Vehicle Policy containing the new commuting language is available in Appendix C. Commuting statistics by agency are available on page 31.

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State Fleet Information System

GOAL 4: Implement the State Fleet Information System

The web-based State Fleet Information System was developed in-house by the Office of Administration and implemented on July 1, 2003, saving approximately \$200,000 in system development costs. Additionally, there are no ongoing charges to agencies for use of the system except certain State Data Center charges. Benefits of the information system include:

- **Uniform reporting of state vehicle data from all state agencies**

Agencies are required under statutory authority in Section 37.450 RSMo to report vehicle data in a consistent format determined by the State Fleet Manager.

- **Statewide fleet analysis including the ability to monitor agency compliance with the State Vehicle Policy**

Agency compliance with the State Vehicle Policy will be reviewed regularly via data from the State Fleet Information System.

- **Accurate and consistent count of the number of state vehicles**

Since fleet sizes fluctuate throughout the year as vehicles move in and out of service, the State Fleet Information System provides consistent counts of the number of active vehicles.

- **Reconciliation of vehicle data with the Department of Revenue**

The Office of Administration, in conjunction with the Department of Revenue, has written computer programs to reconcile data on a quarterly basis between the State Fleet Information System and state vehicle data maintained by the Department of Revenue.

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State Fleet Information System

- **Improved efficiencies by generating required reports and automating the transfer of data for vehicle maintenance and repair costs**

Each month, data for service orders performed by the OA Vehicle Maintenance facility are imported into the State Fleet Information System, saving data entry time.

- **Submission of required alternative fuel and vehicle data to the Department of Natural Resources**

The State Fleet Information System prepares reports on behalf of agencies as required under Sections 414.700 – 414.717 RSMo., saving state agencies time and resources and eliminating duplicate reporting to the Office of Administration and Department of Natural Resources.

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Maintenance of State Vehicles

GOAL 5: Analyze potential for savings through contracted vehicle maintenance services.

Survey of Other States

A survey of other state's vehicle maintenance and repair practices was completed to determine how other states perform or provide services. Findings from the study include:

- States use a variety of cost containment strategies such as:
 - State owned maintenance facilities
 - Statewide or regional service contracts
 - Contracted vendor maintenance service
- Many states have a central maintenance facility similar to OA Vehicle Maintenance. Additionally, many states have other state owned maintenance facilities operated by Departments of Transportation, Corrections, etc.
- Statewide or regional contracts are issued for services or materials such as transmissions, engine work, bodywork, alignments or other major repairs.
- Some states use a national contracted maintenance management program that provides referrals to network service providers at discounted rates. Cost for this service is dependent upon the types of services selected but can range from \$3 – 10 per month per vehicle.

Current State Maintenance Services

The State of Missouri has a central maintenance facility that offers approximately 41% savings in maintenance costs for state vehicles located in the Jefferson City area. In FY'03, the OA Vehicle Maintenance facility completed nearly 5,500 work orders for approximately 1,400 state vehicles. The Departments of Conservation and Transportation have similar maintenance facilities throughout the state. The Department of Corrections performs most of its preventative maintenance and repairs work on its vehicles, while other agencies operating vehicles outside of Jefferson City utilize commercial maintenance facilities for repairs.

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Maintenance of State Vehicles

The State currently has a statewide mandatory use contract for tires and local contracts for services and auto parts in the Jefferson City and Higginsville areas. Agencies also have contracts established under their local purchase authority for maintenance and repair services.

Future Plans

A variety of cost containment strategies are essential in managing state fleet maintenance and repair costs. The average age of passenger vehicles in the state fleet is six years. Given the condition of the state fleet and the limited availability of vehicle replacement funding, state agencies can expect to spend an increasing amount to maintain their vehicles.

The State Fleet Management Program will form an interagency committee to formulate recommendations for managing state maintenance and repair expenditures.

If local or regional contracts are a viable solution, the state should concentrate its efforts on the cities with the highest concentration of state vehicles. Data are now available from the State Fleet Information to ascertain the location of vehicles. The following cities contain the highest number of state vehicles⁶.

- Jefferson City
- St. Louis
- Fulton
- Kansas City
- Poplar Bluff
- St. Joseph
- Springfield
- Rolla

⁶ Excludes vehicles from the Department of Transportation, Conservation and the Missouri State Highway Patrol.

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Fleet Financing Options

GOAL 6: Analyze the cost/benefits of various fleet financing options.

State Ownership Is The Least Costly Acquisition Option

Research conducted by the State Fleet Management Program indicates that state vehicle ownership is the least costly option at approximately \$.215 per mile to own and operate a typical state-owned sedan. It may cost as much as \$.35 per mile to obtain a similar type vehicle through a conventional lease, and this option leaves the state agency without a viable asset after the lease expires.

Options to State Ownership

Since General Revenue funding is not currently a viable option for vehicle replacement, the State Fleet Management Program is evaluating the benefits of municipal leases.

	Cost Per Mile
State Vehicle	\$.215
Municipal Lease	\$.223
Mileage Reimbursement	\$.33
Conventional Lease ⁷	\$.35

Municipal leasing is an option utilized by government entities (including the Missouri Department of Transportation) for funding essential equipment purchases. Benefits of municipal leasing include:

- Reduced up front capital costs
- Not a long term debt obligation for the state
- Rates are tax exempt making it more cost effective than conventional lease programs
- No mileage or wear and tear restrictions
- Vehicle is titled and licensed to the State of Missouri during the lease term
- Vehicle is retained by the state at end of lease

⁷ Based on a recent MoDOT contract for leased vehicles.

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Sharing Resources

GOAL 7: Analyze the feasibility of sharing resources between state agencies.

Data are now available from the State Fleet Information System to explore opportunities to share resources between state agencies indicated below.

State Maintenance Facilities

The OA Vehicle Maintenance facility in Jefferson City serviced approximately 1,400 state vehicles for a savings of over \$545,000 in FY'03. State agencies such as the Departments of Transportation, Conservation and Missouri State Highway Patrol operate maintenance and repair facilities to serve their individual fleets. At this time these facilities service their agencies' fleets and have expressed little interest in providing services to other state agencies. Agencies are interested in exploring state contracts for maintenance and repair services.

Fueling Facilities

The State Fleet Management Program had initial discussions with MoDOT officials to explore use of their eleven department-owned fueling stations across the state. MoDOT contracts with FleetOne to provide unleaded fuel for their bulk tanks. If MoDOT's contract with FleetOne proves to be more cost effective, the State Fleet Management Program will explore this option with the Division of Purchasing.

Interagency Pools

Data from the State Fleet Information System indicate there are approximately 1,400 vehicles stationed in Jefferson City with approximately 450 designated as pool vehicles. The State Fleet Management Program will analyze the use of pool vehicles in certain locations where there is a large concentration of state employees and assess whether it would be more cost effective to combine agency pools.

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Vehicle Utilization & Travel Guidelines

GOAL 8: Revise the State Vehicle Policy to indicate vehicle types permitted to have less than 15,000 miles annual usage.

It is difficult to establish minimum utilization levels for vehicles used for specific functions. Instead of creating absolute restrictions, the State Fleet Management Program has opted to establish expected ranges for specific use vehicles.

GOAL 9: As required in Section 37.350 RSMo., the Office of Administration will establish guidelines for determining the most cost effective and reasonable modes of travel for single trips from the following options: passenger rail, vehicle rental, fleet checkout and reimbursement for personal car use.

A *Trip Optimizer* tool was developed to assist agencies in determining the most cost effective mode of travel between Amtrak, state vehicles, mileage reimbursement and rentals.

The *Trip Optimizer* is a user-friendly tool available for state employees on the State Fleet Management web site at <http://www.oa.state.mo.us/gs/fm/traveloptions.htm>. The user enters the number of trip days and round trip miles and the most cost effective travel option is displayed. Generally, a state vehicle is the lowest cost travel option, followed by vehicle rentals. Mileage reimbursement is typically the most costly option unless the vehicle is used for short trips.

For example, if a state employee were to go on a 1 day, 350 mile round trip, the *Trip Optimizer* would display the follow cost per travel option.⁸

State Vehicle	\$42.65
Rental	\$53.55
Mileage Reimbursement	\$115.50

The *Trip Optimizer* also encourages employees to evaluate the cost and reasonableness of using Amtrak. Amtrak information is included within the *Trip Optimizer*, as well as quick links to Amtrak scheduling information and the new vehicle

⁸ State vehicle cost reflects fixed and variable operating cost. Rental includes the cost of fuel. Mileage reimbursement is calculated based on the FY'04 reimbursement rate of \$.33 per mile. Amtrak cost is difficult to estimate because of other expenses that may be necessary when using Amtrak such as vehicle rentals or taxis.

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rental contract maintained by the Office of Administration, Division of Purchasing and Materials Management.

Other 2003 Accomplishments

Review of All Vehicle Budget Decision Items

At the request of the Office of Administration's Division of Budget and Planning, the State Fleet Manager is now reviewing all departmental vehicle acquisition requests for the upcoming budget year. The status of agency compliance with the State Vehicle Policy is communicated to Budget & Planning for their analysis in making budget recommendations.

Awarded State Vehicle Rental Contract

The Office of Administration, Division of Purchasing, with the assistance of the State Risk Manager and State Fleet Manager, awarded a new contract in FY'04 for car rental services saving the state 9% in vehicle rental services rates. Previously, the state only held agreements with individual vendors and was not utilizing the state's purchasing power to the fullest extent possible. Vehicle rental contracts are utilized by state agencies when state vehicles are not available or as a more cost effective option than mileage reimbursement when appropriate.

Initiated a 25% reduction in the number of underutilized vehicles

In an effort to continue improving the efficiency and utilization of the state fleet, a 25% reduction in the number of underutilized⁹ vehicles was initiated. Agencies have been asked to justify any vehicles remaining in the state fleet that traveled less than 5,000 miles annually.

Implemented Vehicle Credit Procedures

Pursuant to Section 37.452 RSMo, all vehicle sales proceeds generated through State Surplus Property, with certain exceptions, are required to be deposited into the OA Revolving Fund for future state agency vehicle purchases. The State Fleet Management Program developed procedures to manage the deposit and disbursement of vehicle credit proceeds.

⁹ Underutilized vehicles are defined as those vehicles traveling less than 5,000 miles in a year.